



GOVERNOR  
MIKE HUCKABEE'S  
LEGISLATIVE AGENDA

**85<sup>TH</sup> GENERAL ASSEMBLY**

JANUARY 11, 2005

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STATE OF ARKANSAS  
MIKE HUCKABEE  
GOVERNOR

Jan. 11, 2005

Dear Legislator:

The start of a new year and the beginning of another legislative session here at the state Capitol represent a chance to reflect on what we've done right, what we've done wrong and what we still need to do in Arkansas. When you leave Little Rock at the end of the legislative session this spring, I hope we'll all be able to say we did our part to make Arkansas a better place for ourselves, our children and our grandchildren.

When you think about it, a legislative session is an amazing part of this wonderful democracy. People from all parts of the state and all walks of life gather in this building to determine what the priorities of state government should be for the next two years. Whether you're a legislative veteran or a freshman, don't lose sight in the hectic days ahead of why the voters sent you here. There will indeed be a deluge of telephone calls, e-mails, letters and people wanting to see you in the halls. You'll have your arms twisted at breakfast, lunch and dinner. But you'll do just fine if you keep your focus on the children.

As I travel the state each day performing my duties as governor, I constantly try to remind myself of why I worked so hard for this job in two elections. In all areas of state government, our priority should be improving life for the children of Arkansas while ensuring they can stay in the state, raise their families and make a good living when their education is complete. I try to picture a 10-year-old child in some small Arkansas town as I make my decisions. I ask myself this question: "Will this make life better for that 10-year-old?"

No one denies that there are complicated problems that must be solved. Our resources are limited. Like other states across the country, we find that the demands on state government from the taxpayers, the courts and Congress have outstripped the revenue sources available to us. We'll have to make tough choices when it comes to crafting a budget for the next biennium. All of our days here won't be pleasant. But we were elected to lead. We should never forget that we owe it to every taxpayer to make state government as efficient as possible. We force people to contribute a large percentage of their hard-earned dollars to government. The least we can do is spend those dollars wisely.

This is the era of term limits. Our constituents' support of those term limits was strongly reaffirmed Nov. 2. For many of you, this will be the last lap around the track. It's also my last lap. Any coach will tell you the final lap should be one in which you have a kick. A great athlete will run to the finish line rather than jog or walk. I certainly want to finish with a kick, building on the things that were accomplished during the 1997, 1999, 2001 and 2003 legislative sessions.

While realizing that we face enormous challenges, we shouldn't ignore the things we've accomplished along the way. A year ago at this time, we were also gathered in this building, meeting in special session in an attempt to obey the mandate of the Arkansas Supreme Court in the Lake View school funding case. Because of our work in that session, we're pouring tens of millions of additional dollars into this state's public schools. Teachers are being paid more. There's new money for supplies. And we've finally created a more efficient system with dozens fewer school districts than we had just a year ago. Even before the start of that special session, though, we were well down the road to education reform thanks to our earlier implementation of Smart Start and Smart Step. Smart Start is our intense focus on reading and mathematics for students from kindergarten through the fourth grade. Smart Step is a similar emphasis for students from the fifth through the eighth grades. Test scores have risen consistently for several years thanks to these programs. In the area of preschool education, the National Institute for Early Education Research at Rutgers University gave Arkansas its only perfect 10 last year for state-funded preschool quality standards.

Speaking of the good things we've done for our kids, Arkansas Advocates for Children and Families said in a recent report that the percentage of uninsured children in Arkansas fell from 19.4 percent to 11 percent between 1996 and 2002. I don't need to tell you how important this news is. Thanks to the ARKids First program we created during the 1997 legislative session, about 50,000 more children have health insurance today than had insurance in 1996. In 1996, 28.9 percent of children in families with incomes at or below the federal poverty level were uninsured. That has now dropped to 15 percent. For the first time, we've reduced the insurance gap between children from low-income families and children from families with high incomes. I cannot begin to tell you the number of parents who've thanked me for the ARKids First program. I'm sure those of you who were here in 1997 have had many similar experiences. In my more than eight years as governor, I can think of no accomplishment that has meant more to the children of Arkansas. When I took office in 1996, Arkansas had one of the highest percentages of uninsured children in the nation. We've now become a national leader in decreasing the percentage of uninsured citizens. Never in our state's history has it been easier to insure a child.

Another important thing we've done is to devote all of the state's proceeds from the tobacco lawsuit settlement to improving the health of our citizens. Other states are using this money to plug budget holes. We're one of the few states to utilize the money as I believe it was intended -- to make people healthier. Arkansas, for example, is one of just four states spending tobacco settlement prevention and education dollars appropriately, according to the American Lung Association. The CHART plan will have positive long-term effects on Arkansans, both young and old. A June report from the Gallup research organization said, "Based on the milestones that the Centers for Disease Control and Prevention expect tobacco control programs to achieve within the first few years of operation, Arkansas is on target."

The tobacco-related death rate in Arkansas ranks as the third highest in the country. Soon after voters passed the CHART plan in November 2000, we began to move aggressively. The four major goals of the state's tobacco prevention and cessation programs are to prevent young Arkansans from beginning tobacco use, to help those who already use tobacco products to quit, to reduce Arkansans' exposure to secondhand smoke and to reduce tobacco use in high-risk groups. The state's annual health care expenditures that are directly related to tobacco use total \$600 million. About \$70 million of that comes from the Medicaid program. The fiscal impact is obvious.

I'm happy to report that opinions regarding tobacco use in Arkansas are changing. The prevalence of smoking among Arkansas young people dropped from 35 percent in 2001 to about 29 percent in 2003. That's closing in on the national average of 28.5 percent. The desire to quit using tobacco is also increasing among adults. According to an extensive survey, almost 72 percent of smokers now say they want to quit, an increase from 45 percent in 2002. The Gallup report said Arkansas had an almost 14 percent decrease in cigarette consumption from 2001 to 2002. The reduction in adult consumption was especially promising since the initial campaign was targeted toward young people. Gallup reported, "While Arkansas' prevalence of adult tobacco smokers needs to decline more rapidly to match the success of California, Arkansas' current rate of decline in adult per-capita consumption of tobacco is exceeding California's 10-year trend."

In addition to reducing smoking, we also must reduce the obesity rate in our state. Again, there's good news to report regarding our efforts. A ranking released in August by the University of Baltimore showed that Arkansas is doing a better job than any other state in its efforts to reduce obesity. In the first national report card on state-based efforts to control obesity, 23 states received failing grades on an issue that costs this country billions of dollars each year in health care costs and lost wages. According to the authors of the report, if America's obesity crisis continues to expand at the current rate, the annual cost for the country will be \$80 billion in a decade. The report card said Arkansas is the only state taking significant steps through legislation, regulations and education to combat obesity. We rank 15th nationally in the percentage of obese citizens. With Medicaid costs eating up an ever-increasing share of the state budget, we've declared a crisis and developed the Healthy Arkansas initiative in an attempt to convince Arkansans to change their lifestyles.

In the University of Baltimore study, Arkansas was the only state to receive a "B" when it came to state efforts to control obesity. I would like to see us get an "A" next year. Ten states received a "C." There were 16 states that received a "D," which the report said indicated "stumbling, ill-conceived or poorly funded attempts to reach their populations in an effort to encourage a healthier, more active lifestyle." The other states had failing grades. The authors of the report concluded that the country isn't treating obesity as a major public health crisis. In Arkansas, however, we realize we're facing a crisis. One of the report's authors said, "Given the enormous attention we allegedly pay to our diets, and the amount of money we invest in controlling our weight, exercising and the rest, it was really surprising to see how badly the states are doing. Simply put, state governments are not addressing this problem effectively, and it is doing a lot of unnecessary damage."

I'm proud Arkansas is an exception. There are \$44 billion annually in direct health-care costs attributed to obesity. The problems caused by obesity range from diabetes to heart disease to cancer. The problem is worst among children. Early-onset diabetes was once rare. It has now reached

epidemic proportions in some states. Slowing obesity among children is so important that the University of Baltimore researchers created a separate report card for efforts to control childhood obesity. Again, no state received an "A." Arkansas and Connecticut were the only states to receive a "B." Thanks to your work in the 2003 session, we're the only state that measures the body-mass index of every public school student and reports those findings to parents.

There's good news to report in other areas, including higher education. An enrollment survey for the 2004 fall semester showed a 3.4 percent increase from the fall of 2003 at our public colleges and universities. We need more people attending college in this state, and that has been the trend in recent years. Some of the enrollment gains were nothing short of amazing. The University of Central Arkansas at Conway had a 5.9 percent increase and now has more than 10,000 students. The University of Arkansas at Fayetteville had a 5.3 percent increase and has more than 17,000 students for the first time. Arkansas Tech University at Russellville grew by more than 3 percent to almost 6,500 students. Tech has increased its enrollment by more than 25 percent since 2000. Overall, the combined enrollment at the state's four-year institutions has increased by 12.1 percent since 2000. The gains were even more impressive at the 22 public two-year colleges. Since 2000, enrollment at those institutions has increased by 29.7 percent. The overall growth is 4.2 percent since the fall of 2003 with 15 of the 22 schools showing larger enrollments.

Now, we must ensure not only that students take advantage of the higher education opportunities but that they also obtain degrees. Along with West Virginia, Arkansas brings up the rear when it comes to the percentage of residents with at least a bachelor's degree. We've placed a tremendous focus on improving education from kindergarten through high school. That has been necessary work. In this economy, though, we need a K-16 approach, not just a K-12 approach. We should see to it that the senior year in high school is no longer a wasted year. We must ensure that students have the opportunity to earn college credits through advanced placement courses and other methods. With our students taking more rigorous courses in high school, we can increase college retention and graduation rates. Only 38 percent of first-time, full-time college students complete a bachelor's degree within six years of entering college, making Arkansas one of the lowest-performing states in this category. Still, there are some encouraging signs. During the past decade, the percentage of first-year community college students returning for their second year has increased by 9 percent. Nationally, there has been a 2 percent decline.

In an effort to extend our education reforms to the post-secondary level, I appointed a Blue Ribbon Committee on Higher Education last year. Members of the committee met seven times between December 2003 and June 2004. They worked hard to provide recommendations for possible legislation. In its final report, the committee wrote: "The legislative culture of our state historically has encouraged members to champion the cause of the college or university in the local districts. Placing the good of the state ahead of what might be lucrative for the local higher education institution will require exceptional statesmanship." In my State of the State address two years ago, I called for such exceptional statesmanship as we sought to comply with the Lake View ruling. We did some good things for the K-12 system. Today, I'll again call for statesmanship, this time as it relates to higher education.

I'm also pleased to report that our economy is doing much better than it was when we gathered here in January 2003. We have 6,600 more payroll jobs in Arkansas than we had a year ago. Our unemployment rate is lower. Arkansas housing values increased 5.5 percent in the 12 months that ended in June. Most importantly, as far as the state budget is concerned, net general revenues increased 9 percent for the fiscal year that ended in June. The previous fiscal year saw only a 2.2 percent increase. The first five months of the current fiscal year had net available general revenues that were 7.4 percent higher than the first five months of the previous fiscal year.

In the area of economic development, we've had some impressive successes. Japan-based Denso opened its \$34 million plant in Osceola in May to produce heavy-equipment radiators and automobile air conditioners. The company anticipates a workforce of 500 people by 2008. Adjacent to that plant, Systex will produce parts for automobile heating and air systems. Systex expects to employ 40 people by 2006. In Wynne, Eakas will manufacture interior and exterior automotive parts such as door handles and mirrors. Construction of the company's plant will begin this spring. Eakas officials project that the initial workforce of 75 employees will grow to 250 people. Last July, Hino Motors broke ground on its manufacturing facility at Marion, where it will produce parts for Toyota vehicles. The \$160 million facility will provide about 280 jobs. These are examples of the automotive corridor we're building in east Arkansas.

As this legislative session heats up, you'll find that every interest group has its wish list. That's the way the system works. The job we have as officeholders is to represent the taxpayers and deal with the fiscal realities we face. We're charged with looking at the big picture. We must consider the needs of the elderly in our nursing homes at the same time we consider the needs of the students in our schools. I'm thankful for our vastly improved economy. But I'm also mindful of my duty to ensure we spend the taxpayers' money as efficiently as possible while properly balancing the many obligations of state government. We simply can't fulfill everyone's wish list without taxing the state back into a recession. We'll continue to enact public education reform. We'll address the facilities issue. We must. But we can't take a single-minded approach at the expense of other areas of state government.

In addition to our continued work on the K-12 system, I would like us to focus on health care, highways and higher education. In the area of health care, I've talked about the smoking and obesity crises we face. From a public policy standpoint, our goal must be to transform the health care system from one that simply provides care to a system that also promotes healthy lifestyles. Arkansas is in a position to be a national leader in changing the paradigm. The current system is based on providing care for those who are sick. Wouldn't it be better to spend money on a fence atop the mountain to keep people from falling off rather than spending that money on ambulances to pick them up when they hit the bottom?

We've started down the right road. We created the ARKids First program to make sure all children had health insurance. We instituted the body-mass index testing. We did that because we needed parents to understand they have a huge role to play in ensuring their children are healthy. We want those parents involved in changing kids' attitudes. We need them convincing their children that it's hip to be healthy. We can't just depend on increased regulations. The last thing we need is for government to become the grease police, telling people what they can and cannot do. Americans are

the most independent people in the world. Don't tell them what they can't do. Instead, we must find ways to use the Healthy Arkansas initiative to create incentives for healthy behavior in the public sector and then encourage the private sector to do the same. Why can't we give people walking breaks rather than smoking breaks? Why shouldn't we reduce their insurance rates when they stop smoking and start exercising? The fact is we can do these things and much more. With Medicaid the fastest growing part of the state budget, it's time for all of us to get to work on this issue. As Dr. Fay Boozman at the state Department of Health likes to say, it's time to stop treating snakebites and start killing snakes.

While making investments in our schools and our health care system, we cannot forget to continue investing in our infrastructure. As we near the completion of the largest highway construction project in Arkansas history, we're making life better for that 10-year-old child I talked about. We've spent almost \$1 billion to turn one of the worst interstate systems in the country into one of the best. The project is on time and on budget, which is highly unusual for a project of this size. Now, six years after passage of the interstate rehabilitation plan, it's time to invest in our roads again. We need a bond issue that will allow us to spend another \$1 billion during the next decade on the non-interstate economic development corridors in our state. I look forward to working closely with all of you as we determine how best to come up with the money to pay off those bonds. Let's never forget that for every \$1 million we spend on highway construction, 47 jobs are created -- 26 for highways and bridges that are built and another 21 as construction workers buy goods and services.

Just as we must not ignore our highways, we can no longer ignore higher education. A 2004 report from the Economic Policy Institute said: "As state governments make tough funding choices with tight budgets, adequate and effective funding of education is the best way to achieve faster growth, more jobs, greater productivity and more widely shared prosperity." Those with at least an associate's degree earn 18 to 23 percent more than those with only a high school diploma.

By balancing our priorities and keeping our focus on that 10-year-old child out there, we can make Arkansas a better place during this legislative session. Let's never forget those we were sent here to serve. Good luck. I look forward to working with you in the weeks and months ahead.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Mike Huckabee". The signature is fluid and cursive, with the first name "Mike" and last name "Huckabee" clearly distinguishable.

Mike Huckabee



**ON THE AGENDA...**

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# EDUCATION

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During the past few years, the words “Lake View,” “consolidation” and “facilities” have become synonymous with our state’s public schools and state government’s focus on education. The issues, images and court-mandated obligations conjured up by these words have prompted Arkansans to devote significant time and resources to remedying the ailments of a system that has been broken for decades. The circumstances surrounding the Lake View decision have afforded us an unprecedented opportunity to provide each child in Arkansas with an equitable education of the highest standard.

We’ve taken some important steps and accomplished needed reforms. One thing I’m sure everyone would agree with, however, is that we still have a long way to go in fulfilling our mandate. At the top of the to-do list for this legislative session is the highly publicized issue of school facilities. Bringing our schools up to code is an important task, a task that’s already under way. It’s a task I know you’ll give your full attention to during the next several months. With this in mind, it’s important we take time to recognize some of the incredible strides that have been made by our schools during the past few years. These are strides that haven’t always received suitable recognition in a time of courtroom controversy.

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We’ve have seen the implementation of the Smart Start and Smart Step programs. These programs have led to tangible results and have provided the framework for continued success. There are no shortcuts on the road to a superior education. There’s no detour worth taking and no back road worth exploring. The only way to provide our children with the best possible education is to assess and accelerate learning opportunities at every level. For our state, this journey began more than six years ago with the implementation of the Smart Start initiative. This effort to strengthen our schools at the kindergarten through the fourth-grade levels was intended to ensure that children in the earliest stages of learning were properly instructed in important math and literacy skills. Smart Start proved vital to the success of our younger students.

The benefits of this skills-intensive program spilled over to grades five through eight with the Smart Step initiative and, most recently, to grades nine through 12 with the Smart Core initiative. The next step in our journey was just that, the Next Step. Ensuring that all students are ready to begin their education and achieve success throughout it, the Next Step program expands and strengthens opportunities for student success. The formula employed by the Next Step program is simple but effective -- set high standards, provide students with the tools needed to succeed, measure progress and hold everyone involved in the education process accountable for achieving those standards. Test scores for students in kindergarten through the eighth grade have continued to improve as have ACT scores for high school students.

Since the establishment of these programs, our goals have never been compromised. We set out to create programs based on unwavering standards and measured progress. So far, we’ve achieved just that. Our journey toward educational excellence has been many years in the making. During that time, the ques-

tion has often come up: “Is it all worth it?” Recent studies provide the answer to that question. Nothing could have prepared me for the pride I felt when I saw the December report titled *The Expectation Gap -- A 50-State Review of High School Graduation Requirements*. In this report, Arkansas was listed as one of the few states making legitimate progress in raising the bar of expectations for students in the public schools. This study shows Arkansas as being:

- ◆ One of three states to have made college/work-prep curriculum the norm or default curriculum and a model for other states to follow in raising graduation requirements.
- ◆ One of five states to require students to complete a fourth math for graduation.
- ◆ One of three states that requires algebra 1, geometry, and algebra 2, and one of six states requiring four years of grade-level English.

This study was conducted by the bipartisan, non-profit organization Achieve Inc. It's a flattering acknowledgment that what we've been doing is paying dividends for our state. We've refused to compromise our children by lowering expectations and accepting mediocre test scores. As a result, according to Michael Cohen, the president of Achieve Inc., Arkansas is one of only a few states that “offer a model for other states to follow.”

This level of recognition exceeds what many believed could be accomplished. But it's consistent with what I've always known in my heart, that students in Arkansas can be the best our nation has to offer if we provide the resources combined with high expectations. Arkansas is becoming one of the nation's leaders in the area of education reform. This new position is exciting, but it doesn't come without a great deal of responsibility. Now more than ever, it's important that we continue to focus on public school success.

When running in a race, if you pull into the lead you don't slow down and allow the rest of the pack to catch up. Instead, you dig down deep and build on the momentum you've established to pull you through to the finish line. The same can be said for Arkansas as it relates to our public schools. It's true we've come a long way from where we were a decade ago. But it's absolutely essential that we don't stop running. During the next two years we need to foster a system that ensures every student has the opportunity to be prepared for college. Focusing on programs and partnerships that have proven effective is one way to achieve further success. The bottom line is that when we work to provide a better education for our children, we're paid back in the quality of life they'll have as a result of our efforts.

Our work is far from over. As long as there are children in this state who receive anything less than the best education that can be offered, we need to continue to raise the expectations of our students and the system. One thing I'll be focusing on intently during this legislative session is higher education. But preparing for college doesn't start after high school graduation. It starts in the earliest stages of education. If we don't properly train our students to face college before they arrive, we're condemning them to failure. That's why we must also continue our focus on the K-12 system. Working together, we can ensure Arkansas' continued success as one of the nation's leaders in education reform. And we can continue to protect our most valuable investment, our children.



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# HIGHER EDUCATION

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E ducation and economic development can't be separated. The two are intertwined as never before in the 21st century. An educated workforce drives a stronger economy, and a strong economy demands a more educated workforce.

During fiscal year 2004, the state received \$4 in direct expenditures for every \$1 invested in higher education. If you were investing your private funds in the stock market, you would jump on any deal that would return \$4 for every \$1 invested. The direct impact of the accomplishments of higher education on the state economy was \$6.25 billion, using the figures economists utilize in estimating economic impact. Needless to say, higher education is big business in our state. There are now almost 125,000 students enrolled in our colleges and universities, an increase of more than 4,000 students from the previous year. The good news is that more and more Arkansans are going to college. The bad news is that we're failing to adequately fund higher education.

As we focus on education reform in our state, we must not ignore higher education. The kind of robust, growing economy we want to create in Arkansas will require a variety of talented, educated workers. Unfortunately, our state ranks 49th nationally in the percentage of residents with college degrees and 50th nationally in the percentage of residents with advanced degrees. The percentage of the population with a college degree is a reliable indicator of a state's capacity to support a knowledge-based economy. While degrees at the master's level or higher aren't required by all segments of the economy, they're often an important qualifier for upper management positions in high-tech fields.

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A college degree means a person will make an average of \$1 million more in a lifetime than someone with only a high school diploma. Add a master's degree to the equation and that person will make \$1.2 million more on average. A college education pays dividends to the individual and the economic health of the state. Only about 16 percent of Arkansas' 2.7 million residents have college degrees. Increasing that by 50 percent -- from 436,000 residents to 654,000 residents -- would increase the earning potential of our citizens by almost \$5 billion a year. State income tax revenues would grow by more than \$340 million annually. Think about that. That's \$340 million more for public education, highways, health care and the other priorities of state government.

Do you want an indicator of just how the knowledge-based economy of the 21st century is requiring more education than ever before? Consider this: Those with less than a high school diploma saw their mean family income decline by 14 percent between 1980 and 1995. College graduates' mean income increased by 14 percent during the same period. According to the Corporation for Enterprise Development, a state's economic performance correlates to past investments in such areas as education. National economic development expert William Schweke said recently, "If our goal is an economic climate that provides good jobs, decent living standards, entrepreneurial workers and a competitive edge over other countries, then investing in education is the single most important thing we can do."

This includes higher education. We should think K-16, not just K-12. As we again tackle education reform, let's not stop four years short in our efforts. Federal Reserve Chairman Alan Greenspan told Congress recently, "We need to be forward-looking in order to adapt our education system to the evolving needs of the economy and the realities of our changing society." In other words, an educated society fuels the economy. Well-funded college and university programs are essential in efforts to promote and drive economic development in Arkansas. If higher education and the state's economic development efforts aren't coordinated, we're inviting a downward economic spiral. The goal of economic developers is to create jobs and improve the economy of the state. It's the job of higher education to ensure a trained workforce is in place to fill those jobs. I propose we strengthen the connection between the goals and activities of the state Department of Higher Education and the state Department of Economic Development.

One important thing we can do immediately is to amend Act 683 of 1989 to allow additional bonding authority for public colleges and universities. In a special election, Arkansas voters could approve \$150 million in bonding authority beginning in January 2007 at no additional cost to the taxpayers.

I also propose that we create centers of economic and educational excellence at various colleges and universities that will help our state reach its economic potential. It's imperative that we do a better job in Arkansas of identifying critical workforce needs and then ensuring we have the proper programs in place to meet those needs. These centers of excellence would take data from the Department of Economic Development and others. They then would develop programs to meet specific business needs. The Department of Higher Education would ensure the centers utilize existing facilities, programs and staff whenever possible. The specially designed programs could be based on campuses or could incorporate distance learning technology to ensure maximum exposure, availability and participation.

We also must do a better job of funding university-based research. Research programs are economic development investments. For every dollar we invest as a state in research, we attract many more dollars from federal, corporate and philanthropic sources. We could attract additional research grants from organizations such as the National Science Foundation and NASA if we had more seed money on the front end. For example, we could help younger faculty members at our colleges and universities obtain research track records with starter awards from state funds they could then use to leverage federal awards. We also need to do a better job of matching federal funds for competitively awarded research projects.

Another step we should take in the area of higher education is expanding and strengthening the course transfers between the two-year schools and the four-year schools. The presidents and chancellors of these schools understand that a concerted push is needed so we have more of our graduates from the two-year institutions going on to graduate from the four-year schools. There should be logical statewide guidelines to ensure that students receive proper credit for similar courses regardless of which institutions are involved. The Southern Regional Education Board recently stated that it's a priority that "all schools -- technical institutes, colleges and universities -- have clearly aligned course content and assessments for students." It's not just an Arkansas issue. It's also a regional and a national issue. We have the opportunity to fix the problem in this legislative session.

A cooperative agreement between the two-year schools and the four-year schools will take the hassle out of transferring credit hours between institutions. Simplifying the transfer of credits between schools will make it easier for students to obtain four-year degrees. We're trying to get a larger percentage of our

students to graduate. The least we can do is to ensure they receive credit for their coursework regardless of what college or university they attended while requiring that every institution abide by the same policies in regard to transferring credits. Let's vow now to make this process more simple.

We also need to limit the scholarship funding for colleges and universities to 15 percent of income from "education and general" tuition and fees. An additional 5 percent could be allocated for scholarships for need-based students. It's time we set reasonable fiscal limits on the amount of money from "education and general" tuition and fees that can be allocated for scholarships. This will eliminate the argument about institutions buying students and will ensure that institutions aren't in fiscal combat over students. We must see to it that institutions don't use state funds for scholarships simply to increase their head counts and thus qualify for even more state funds. It's time to level the playing field. We also will be able to give schools the incentive to attract need-based students from across the state by offering an extra scholarship incentive.

Meanwhile, the state should expand its workforce improvement grant program to provide more support for adults. You only need to look at the fact that just 16 percent of Arkansas residents have college degrees to realize our adult population requires encouragement and incentives to attend college classes. Setting up special programs for members of the adult population will lead to more people who can contribute to the economic growth of the state. And adults with college degrees are far more likely to encourage their children to obtain college degrees.

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It's estimated that Hispanics now represent 15 percent of the country's college-age population.

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We also need to focus on the state's growing Hispanic population by providing financial aid for college-bound students who can provide proof of an Arkansas high school diploma. It's estimated that Hispanics now represent 15 percent of the country's college-age population.

But far too few of these people are enrolled in college. We can do a better job of allowing immigrants to become a vital part of the state's workforce. President Bush is pushing an immigration reform proposal that will enable immigrant students to become eligible for financial aid. By providing educational opportunities for these students, we'll reduce poverty and discrimination. We need to embrace this effort in our state while adding valuable workers to the tax rolls. Many of these students already have compiled exemplary records in the Arkansas public schools. They should be encouraged to advance academically so they can become productive citizens.

An estimated 65,000 undocumented immigrants graduate from U.S. high schools each year. Because of their immigration status, these students can't apply for government grants or low-cost loans. Most private scholarships require the recipients to be citizens or permanent residents. There have been attempts in many states to give undocumented students relief on steep tuitions. Seven states -- California, Illinois, Oklahoma, New York, Texas, Utah and Washington -- now allow students who have graduated from high schools in their respective states to pay in-state prices.

Listen to this story from teacher Nancy Varnell at El Dorado High School: "Some of these students work so hard to succeed in high school. And when they get that diploma, they are so, so happy. Then, they are hit with a wall of frustration. Because they don't have the proper paperwork, they can't get scholarships or Pell grants. They can't get into college without falsifying documentation. I have a student who came to Arkansas when he was 4 years old. He graduated near the top of his senior class. He applied for college. Denied. He applied for a visa. Denied. He was told to go back to Mexico for two

years and apply for resident status. That is just not an option. He's very, very smart, but what's happening to him just breaks my heart. The system as it now exists is losing potentially valuable citizens, and that should make us all sad." Let's take Nancy Varnell's words to heart in this legislative session.

Another thing the state can do to improve higher education is to strengthen the authority of the Higher Education Coordinating Board. We should create a system in which higher education funding requests are approved by the board. One of the main components of the Southern Regional Education Board's report on education goals was better coordination. The SREB report said it should be a goal that "the quality of colleges and universities is regularly assessed and funding is targeted to quality, efficiency and state needs. One of the keys in judging the quality of colleges and universities is that they produce graduates who meet state workforce demands . . . and, if they do, they are rewarded for their efforts."

The SREB report also pinpoints the need for "placing a high priority on an education system of schools, colleges and universities that is accountable." The reports calls for an "aligned education system that enables students to make smooth transitions from pre-K through college." In its report to me last year, the Blue Ribbon Committee on Higher Education made it clear that the "recurring and explicit lack of any meaningful centralized governance is at the heart of our higher education performance issues." This isn't a new issue for us. As far back as 1951, the Arkansas Commission on Higher Education recommended that a board have the authority to coordinate institutions of higher education so the "highest return may be obtained from the funds available for higher education." I don't think there's anyone in this Legislature who would argue that higher education isn't essential when it comes to increasing our low per-capita income and ensuring economic development success. But there's no coordinated statewide strategy for achieving this fundamental goal. Simply put, no public entity has been entrusted with the responsibility. We can change that in this session.

We also need to establish a growth pool of positions for the state's four-year institutions. It's imperative that the state be given the flexibility to maintain and expand key programs. Providing funds for a growth pool for non-classified and classified positions would ensure that viable programs could continue to grow in the next biennium.

Please join me in finding ways to improve our college retention and graduation rates. We must do everything possible to make all Arkansans aware of the value of a college education. A high school diploma is no longer enough in the new economy. In essence, we must change the culture. Graduating from college must become part of the accepted educational process. There needs to be a strong partnership between state education agencies, schools, teachers, students, parents, business leaders and members of the media who are all preaching a common theme. That theme is this: "College isn't an option. It's a way of life." From the time students begin kindergarten until they graduate from high school, they should be bombarded with this message.

As we discuss the budget priorities for the next biennium, let's remember that funds spent on education produce tangible financial returns to the state that far exceed the dollars allocated. When we fail to fund higher education properly, we slow the creation of an educated workforce whose members will earn higher incomes and pay more taxes. We also hinder the growth and development of businesses that count on higher education. A healthy state economy should be one of our primary objectives. To achieve that, we must invest more in higher education.



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# HIGHWAYS

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When I mention the need to enact a highway program in this legislative session, some people answer that we need to wait until we've finished the education reform process. Let me make something clear: The education reform process is ongoing. Because most state dollars are spent on education, legislators will be dealing with education reform every two years for as long as everyone in the state Capitol is alive. Yes, continued education reform is a priority in this year's session. But we can't ignore the other pressing needs of the state. Our job as elected officials is to balance these various needs. And continuing to improve our highways simply must be a major part of the equation as we seek to improve Arkansas' economy. Any homeowner will tell you that while you're buying new furniture and flooring, you can't afford to forget the roof and the foundation.

The money we spend on improving highways produces enhanced economic activity in the form of new service stations, motels, restaurants, highway-related retail businesses, tourism attractions, truck service facilities, assembling and distribution facilities and more. Construction activities generate immediate sales and corporate income taxes for the state. We also must realize that the transportation sector is a large part of our economy. Six percent of the Arkansas labor force is employed in the transportation sector. When we reduce transport times, we lower operating costs and allow Arkansas companies to expand more easily into new markets. Almost 30 percent of the nation's production is based on just-in-time practices. As more firms move toward such practices, the economy becomes even more dependent on a healthy transportation system.

More than 20 million travelers use our state highway system each year. Better access to airports, river ports, railroad terminals, industrial parks and tourist attractions benefits the economic development of Arkansas. In addition to investing money that will improve the economy, we must be concerned about the safety of motorists. Bad roads present the average motorist with a 25 percent to 30 percent higher risk of accidents. Safety improvements result in savings in insurance costs due to fatalities, personal damages, property damages and lawsuits. According to the Associated General Contractors of America, motorists pay an additional \$259 per driver annually when operating on poor roads.

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Better access to airports, river ports, railroad terminals, industrial parks and tourist attractions benefits the economic development of Arkansas.

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Let's return to the question of, "Why not wait?" Deferred maintenance costs more in highway, road and street funds than does routine maintenance. Again, any homeowner can relate stories about the costs of deferred maintenance. Variations in traffic patterns due to development and deterioration also cause constant changes in highway and bridge conditions. I don't think anyone will deny that the interstate rehabilitation program that was approved in 1999 has been a huge success. Upon completion of the five-year program, we will have spent almost \$1 billion and created thousands of jobs. Safety will have been enhanced, and the Arkansas economy will have been stimulated. We must not stop now. Additional improvements are needed to provide continuity and connectivity. I propose we approve a program that will improve key parts of our highway network that aren't part of the interstate system. We should have a goal in our state of connecting all cities with populations of more than 10,000 people with four-lane highways. The vast majority of our traffic count is on a relatively small percentage of the



state's highways. Fifty percent of the state highway mileage carries 92 percent of the traffic. We need to focus on these roads.

At the same time, we have to realize that state motor fuel tax revenues are an unstable source of funds due to constantly fluctuating fuel prices and the fact that vehicles now get more miles per gallon. State motor fuel tax revenues have grown 76 percent the past 15 years. But that's only a portion of the growth experienced by the state general fund, which has grown by almost 130 percent during that period. And remember that a significant portion of the motor fuels tax receipts increase can be attributed to additional taxes that have been levied. Actual fuel consumption has grown only 26 percent the past 15 years. While the number of vehicle registrations and the number of licensed drivers increase, more fuel-efficient vehicles continue to have an impact.

The number of annual vehicle registrations has increased 45 percent during the past 15 years. During the same period, the annual vehicle miles traveled has increased 56 percent. That equates to an annual growth rate of more than 3 percent. By contrast, the capacity of the state highway system is growing at a rate of 0.3 percent annually. Due to the success of our bond issue for the interstate rehabilitation program, I propose we do another bond issue that will allow us to perform \$1 billion of work on major non-interstate connectors during the next decade. We'll need \$90 million to \$100 million a year in revenues to pay off these bonds. I'm not going to tell you exactly how we should raise those revenues. I don't think it's my place to stand here and say, "My way or the highway," if you'll pardon the pun. This is a debate we all should have in the weeks ahead. I'm anxious for your input on how we raise the revenues. But I hope we'll agree at the outset on the need for a program of this type.

Just to give you an idea of what we're talking  
about when it comes to raising the revenues needed:

- ◆ A motor fuel tax increase of 3.3 cents per gallon combined with a motor vehicle registration fee increase of \$30 per vehicle would generate \$91.3 million per year for the state after cities and counties received their share.
- ◆ A motor fuel tax increase of 2 cents per gallon combined with a \$15 motor vehicle registration fee increase, a \$1 battery fee and a \$1 tire fee would generate \$53.1 million per year for the state.
- ◆ A motor fuel tax increase of 2 cents per gallon combined with a \$15 motor vehicle registration fee increase per automobile and pickup, a \$150 registration fee increase per large truck, a \$1 battery fee and a \$1 tire fee would generate \$60.1 million per year for the state.
- ◆ A motor fuel tax increase of 2 cents per gallon combined with a \$15 motor vehicle registration fee increase per automobile and pickup, a \$150 registration fee increase per large truck, a \$5 battery fee and a \$15 tire fee would generate \$91.2 million per year for the state.
- ◆ A motor fuel tax increase of 2 cents per gallon combined with a doubling of the motor vehicle registration fee, a \$1 battery fee and a \$1 tire fee would generate \$79.8 million per year for the state.
- ◆ A motor fuel tax increase of 2 cents per gallon combined with a doubling of the motor vehicle registration fee, a \$5 battery fee and a \$6 tire fee would generate \$91.8 million per year for the state.
- ◆ The removal of the sales tax exemption on motor fuels would generate \$97 million per year for the state.

These are examples of the revenue issues we face in this legislative session. Beyond the bond issue for economic corridors, there are several other important things we can do. For starters, we can extend the authority to issue bonds for interstate rehabilitation. Although our state now has some of the best interstate highways in the nation as the rehabilitation program nears its completion, a recent study by the state Highway and Transportation Department showed that an additional \$900 million for improvements on the interstate system will be needed during the next decade. Given the needs, it would be beneficial to have the authority to issue new bonds for interstate improvements. With this extension of authority, we could make additional improvements to the interstate system with existing revenues. Please note that no new taxes will be needed for this to occur.

We also need to help spur the creation of what are known as regional mobility authorities. These authorities would allow various regions of the state to cooperate with local, state, federal and private entities to advance transportation improvements. Each authority would have the capability of levying taxes or fees with the approval of voters in the region. The proceeds could then be used for transportation improvements in that area. These revenues would be in addition to the funds normally available. The regional mobility authorities would be able to prioritize and implement regional transportation improvement projects involving state highways, county roads, city streets, transit, air, rail, water and intermodal facilities.

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Our state highway system carries  
96 percent of all heavy truck  
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I commend the Highway and Transportation Department and the members of the Arkansas Highway Commission for the work they've already done on these issues. We have a state system of 16,369 miles of roadway and 7,042 bridges. Our state highway system carries 96 percent of all heavy truck traffic and 80 percent of the total traffic in the state. It's the 12th largest

highway system in the nation. The miles covered compare to much larger states such as California, New York, Michigan and Illinois. Arkansas ranks 47th nationally in the amount of revenue per mile received for highway improvements.

The department already has identified \$7.2 billion of work needed during the next 10 years just for capacity and system preservation improvements. These projects include widening, reconstruction, resurfacing, bridge improvements and new location needs. This figure doesn't include new corridors such as Interstate 49 and Interstate 69. Of the department's total annual average revenues of \$787 million, about \$432 million are available for highway and bridge construction.

Public meetings were held last year at Jonesboro, Helena, Fort Smith, Batesville, Little Rock, Springdale, El Dorado, Pine Bluff, Russellville and Texarkana. Of those who completed surveys at the meetings, 76 percent said we should develop a statewide grid of four-lane highways. As we consider the economic future of our state in this session, let's include highways among the priorities.



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# HEALTH CARE

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The hard reality facing our state is that many Arkansans are in poor health. While the cost of our bad habits continues to increase, our tools to manage the problem decrease. In terms of the cost of Medicaid and the cost of private insurance, we simply must address this fundamental issue.

In recent years, our culture has been harmed by the side effects of a fast-food lifestyle. Drive-through meals, the internet, television and video games lured many Arkansans into sedentary lifestyles. Unfortunately, this style of living has caught up with us and poor health has reached epidemic levels. According to a 2001 report from the federal Centers for Disease Control and Prevention, Arkansas ranked:

- ◆ Eighth among the 50 states in mortality due to heart disease
- ◆ First in stroke mortality
- ◆ Ninth in cancer overall
- ◆ Sixth in deaths due to lung cancer

These figures are a wake-up call for our population and a cry for help from our economy. Medicaid now costs Arkansas more than \$3 billion annually and is growing at a rate of more than 9 percent a year. Poor decision making in our personal lives is one of the reasons we're facing this crisis. More than 75 percent of state Medicaid spending is on chronic diseases. Many of these problems are brought about by poor diet, a lack of physical activity and tobacco use. Faced with the burden of escalating costs and deteriorating health, we have a unique opportunity to rise to the challenge in the battle against poor lifestyle choices.

Last May, we announced the creation of Healthy Arkansas, an innovative program designed to help our state change course. We've spent years putting our resources into treating diseases while ignoring the fact that people would get sick less if they ate better, exercised and avoided tobacco. Realizing we could no longer demand good health practices while denying access to healthy resources, we created a program that promotes healthy living and provides the tools to achieve it. As a result, Arkansas has been catapulted into a national leadership role. Healthy Arkansas has become the standard by which other states have begun to model their health initiatives. We can give Arkansans a better tomorrow by being more responsible today.

## Act 1220

During the 2003 legislative session, the Child Health Advisory Committee was created as part of Act 1220. That committee has completed a comprehensive set of recommendations that are going to the state Board of Education for approval. There are sweeping nutrition, curriculum and exercise recommendations. I'll urge the board to pass the majority of these recommendations. During the coming legislative session, I'll ask you to do everything possible to expedite the promulgation of regulations and provide additional funding where needed. The work of this committee can help us create a climate of better health in Arkansas.

I also would urge you not to erode the significant steps you took when you made Arkansas the first state in the nation with a comprehensive program to measure the body mass index of every public school student. We've made great strides in this area by giving hundreds of thousands of families a snapshot of a key health indicator.

## **Realignment**

To best meet the complex health challenges our state faces, I'll propose legislation to merge the state Department of Health with the state Department of Human Services. We can better address our health needs and find administrative savings with this move. For years, DHS has been forced to streamline and better manage its resources in order to keep pace with Medicaid growth. Now is the time to expand those efficiencies to other health-related areas.

I believe we can save at least \$2.5 million annually in administrative costs through this merger. There's no reason not to believe we'll find additional administrative areas where we can achieve savings as the merger process evolves. It's always reasonable for taxpayers to expect us to better manage the resources of state agencies. This is a step in that direction. Here are some fundamental points about this proposal:

- ◆ We should take some lessons from the private sector. This isn't a negotiated merger. This is more of a DHS acquisition of the Health Department.
- ◆ The Health Department will be a division within DHS.
- ◆ Although we can't promise that some jobs won't be lost, we'll make every effort to deal with changing employment needs through attrition and retirement.
- ◆ This will be a Type Two transfer.
- ◆ We'll try to clearly outline for taxpayers, state employees, legislators and the media the specific cost savings that come with this move. If we're going to have a spirited debate on this issue, let's have the debate in the context of how we can save resources through better management.
- ◆ Merging the departments has the potential to improve program access and customer service. Many Arkansans receive services from both agencies. A better understanding of the services offered by the agencies will lead to more referrals and a more comprehensive service plan for clients.
- ◆ Having shared applications available in DHS county offices and local health units, as well as websites, will be beneficial to clients and will improve the state's Healthy Arkansas, Hometown Health and Worksite Wellness programs.
- ◆ In many states where these functions are combined, the public health portion generally operates as a separate organizational entity under an umbrella health and human services department. The joining of health and human services functions will create efficiencies in county and program operations areas.
- ◆ The electronic sharing of information will enhance services and streamline some application processes. DHS expertise with electronic data and computerized client records should prove helpful in improving Health Department data systems and local health unit efficiency. Better data management can assist field operations in the areas of case management, resource allocation, quality improvement and clinic efficiencies.
- ◆ Health Department outreach efforts regarding flu vaccines, immunizations, nutrition, etc. could be incorporated into routine DHS client notices, which are mailed to more than 1 million low-income Arkansans throughout the year.

- ◆ At some sites, it might be feasible to offer services such as Medicaid eligibility or WIC voucher issuance at both facilities. Collaboration with Medicaid could maximize funding for health services and improve Health Department billing systems.
- ◆ The departments perform many of the same administrative functions including program monitoring, contract monitoring, staff training, supply distribution, property management and information technology security and coordination. These functions can be combined and operated more efficiently under a merged structure.
- ◆ Having DHS county offices and the local health units in the same location will allow for one-stop shopping of services. This merger of facilities will occur over time as we deal with changing client needs.
- ◆ Better integration and communication between DHS applications and those at the Health Department will greatly improve the accuracy and efficiency of information systems.
- ◆ The Health Department provides a uniquely qualified and accurate statistical data base management and reporting service. The health statistics section can provide needed health-related data collection, data management, analysis, statistics, research, consultation and statistical training for the DHS divisions that deliver services to clients.
- ◆ Combining the departments will substantially increase the number of audit staff available to monitor Health Department programs.

## **Areas For Special Consideration**

1. It's imperative that these changes not jeopardize the long-standing commitment of county governments to support the county health units.
2. Before we co-locate health clinics and DHS offices, we must consider how client confidentiality will be addressed at all phases of the service delivery system.
3. Any design that doesn't keep the county operations of the local health units and the DHS county offices as separate divisions within the expanded department must consider the impact of different grades and classifications of mid-level and upper-level managers. Consideration must also be given to the impact on cost allocation at the local level. Test allocations should be performed to determine the impact on various funding sources.
4. Expanding program access and sharing databases create special challenges for system security and program accountability. The appropriate firewalls and confidentiality agreements and training must be completed before expanded access to protected client information is granted.

## Cost Savings

Examples of potential savings include:

- ◆ **Accounts payable** -- Health Department payable functions can be enhanced by consolidating vendor invoices and reducing the number of warrants issued, thus utilizing labor, supplies and postage more efficiently. The consolidation of gas credit cards will reduce manpower efforts while improving monitoring and reporting. The combined payable functions will produce an estimated savings of \$207,000.
- ◆ **Payroll** -- Combining payroll functions for 10,000 employees will produce an estimated savings of \$43,000.
- ◆ **Financial management and funds management** -- The consolidation of like functions from the Health Department into the managerial accounting section of DHS will benefit overall operations. For example, DHS automated time studies will more rapidly record and accurately report cost-allocation information. Utilizing the DHS cost-allocation methodology will potentially increase the federal funding for administrative functions. Estimated savings are \$206,000
- ◆ **Personnel** -- Personnel activity can be handled at an estimated combined savings of \$620,000. For example, the applicant tracking module, an automated support system for recruiting, could be utilized without major modification. The Health Department doesn't have a drug-screening program so the adoption of the DHS drug-screening program will be necessary.
- ◆ **Purchasing, contracting and sub-grants** -- The Health Department contract and sub-grant functions are largely decentralized to the various program elements. Electronic development and tracking capabilities at DHS will reduce the coordination time between program staff and review/approval authorities at the state Department of Finance and Administration's Office of State Procurement and the legislative staff. The DHS electronic archival system will allow instant access to copies of contracts and sub-grants for all authorized program personnel, as well as instant retrieval capability for freedom-of-information requests. Centralized purchasing functions will produce an estimated savings of \$627,000.
- ◆ **Communications** -- The Health Department's communications division is a centralized working group of seven full-time employees. Combining this function with that of DHS should allow for an estimated savings of \$225,000. More than half of these savings will come from federal funding, however. This figure doesn't account for any program outreach costs.
- ◆ **Information technology technical support** -- Both departments have staff members dedicated to maintaining computers, servers, networks and printers across the state. With a merger, it's estimated that the almost 10,000 units of equipment can be maintained at an estimated annual savings of \$400,000.
- ◆ **E-mail and internet services** -- Both departments rely heavily on e-mail and internet services. Based on the current number of e-mail accounts, a merger will result in an estimated annual savings of \$ 250,000.

**Projected Initial Savings**

**\$2,578,000**

## Strategies

What we've been doing to ensure a healthy state has been inadequate. Sure, Healthy Arkansas will always be a work in progress. But we have to start somewhere. The way to a healthier state is through changes in behavior and lifestyle. Healthy Arkansas continues to focus on specific target groups, though there's certainly overlap among these demographic groups. We're focusing on:

- ◆ The population at large
- ◆ Children in schools
- ◆ Adults in worksites
- ◆ Those who access DHS services
- ◆ State employees

Acquiring baseline data on these groups will help us understand how to expand current programs and partnerships, identify cultural and behavioral factors that promote poor health and then incorporate best practices from the public and private sectors to ensure the program's success.

## Children In Schools

I'm proud of the recent steps our state has taken to monitor the health of children. The BMI study created by Act 1220 is a step in the right direction. But it's also an indicator of how far we have to go. Of the 345,000 students who participated, 38 percent were either overweight or at risk of becoming overweight.

The challenge is to take advantage of the opportunity afforded by the passage of Act 1220. It's vital to the future of our children that we implement programs that analyze the nutritional content of the food served in schools. It's equally important that we discuss ways to integrate physical activity into the academic curriculum. Achieving a better state of health for our children is a goal we can reach if we work together to promote healthy, active and tobacco-free lifestyles in the public schools. The quickest route to creating healthy adults is to encourage healthy children.

We need to explore how the Arkansas Center for Health Improvement can best share the BMI data collected from schools with the new state Department of Health and Human Services. This data sharing is essential if we're to offer support to the most overweight children. Putting time and effort into collecting data doesn't do much good if we're not going to create the follow-up tools needed to help overweight children.

## Adults In Worksites

A 2002 survey uncovered some unsettling realities about our state:

- ◆ 37 percent of adult Arkansans are overweight
- ◆ 24 percent are obese
- ◆ 80 percent don't eat the recommended five servings of fruits and vegetable per day
- ◆ 27 percent engage in no leisure time physical activity
- ◆ 26 percent are smokers
- ◆ 8 percent have been told they have diabetes

Arkansas adults spend an estimated 45 percent of their waking hours in the workplace. Focusing our efforts on worksite wellness will help us maximize Healthy Arkansas' potential to reach adults. Boosting the health of employees will, in turn, give a boost to our economy. The CDC estimates that more than \$33 billion in medical costs and \$9 billion in lost productivity each year can be attributed to poor lifestyle choices. To ease this financial burden, it's essential that we turn the workplace into a health promotion venue.

The state is taking the lead by offering state employees incentives for living healthier lives. State employees who participate in a health survey become eligible for a discount of \$10 per month on their insurance premiums. The spouses of these employees can earn another discount of \$10 a month. During the first months of the state employee self-assessment, 18,000 employees and 4,000 employee spouses took the assessment. For the first time in our history, we're accumulating true baseline data on the health of our citizens.

Beginning this month, state employees will receive free smoking cessation resources. The state employee insurance plans will now cover a variety of preventive medical services. By rewarding health instead of treating illness, we're creating a more productive work environment. Identifying the economic impact of workplace wellness is the first step in convincing companies and institutions to create their own programs. We then can build on what we've created. Getting communities involved in the creation of safe walking trails, smoking cessation programs and community gardens will also play a role in extending the lives of Arkansans.

## Those Who Access DHS Services

DHS is developing several fundamental approaches to helping clients achieve a better quality of life.

- ◆ Medicaid is now paying for smoking cessation tools for the 600,000 Arkansans who access the program each year.
- ◆ DHS is creating programs to ensure that food stamp recipients receive nutritional information. A wellness program such as Healthy Arkansas must acknowledge the fact that quality diet and exercise information has to be available to people of all income levels. Providing health information to food stamp recipients will allow us to make inroads in this area. DHS is also exploring how to maximize the purchasing power for those who buy healthier foods.



## State Employees

A number of programs have been put in place during the past year to help state employees achieve healthier lifestyles. As noted, 18,000 state employees and 4,000 of their spouses took the time to answer a series of health questions on a health self-assessment website. This program provides us with the best baseline data we've ever had on state employee health. Among the other steps being taken:

- ◆ We offer financial incentives for employees who take the self-assessment in the form of monthly reductions in the cost of their health insurance. These incentives can equal \$240 annually for one family.
- ◆ We're mailing information about BMI, tobacco use, seat belt use, exercise and binge drinking back to those who took the assessment and had problems in particular areas.
- ◆ State employee health plans now cover preventive services
- ◆ DHS and the Health Department are developing a prototype worksite wellness program that can ultimately be used by all state agencies.

## Highlighting Programs That Work

Healthy Arkansas is a new vision of health. In order to transform this vision into reality, it's crucial that we highlight best practices. We don't want to just talk about a better state of health. We want to achieve it. Along with the highly publicized BMI study, we've begun utilizing several pilot programs to help us turn ideas into action. These include:

- ◆ The Health Department's Five A Day program, which provides employers with a program called Worksite Challenge: Fit With Five. This 10-week program for the workplace focuses on increasing physical activity and the consumption of fruits and vegetables during the workday.
- ◆ The Governor's Council on Fitness' Out for Lunch program, which is a worksite physical activity event during which employees walk to a central location where they receive healthy snacks donated by private companies. They then walk back to work.
- ◆ The Arkansas Diabetes Control Program, which was developed through a partnership with Eli Lilly & Co., the DHS Division of Medical Services, the Health Department, the University of Arkansas for Medical Sciences and others. The program allows the state to study the diabetes population, analyze courses of action and provide Arkansans suffering from diabetes with self-management training and the educational materials they need to combat the disease.
- ◆ The Central Arkansas Veterans Health System's health and wellness program, which has saved the organization an estimated \$817,000 in its first year, a savings of \$8 for every \$1 invested. It's a model for others to follow
- ◆ J.B Hunt Transport Services Inc. at Lowell, which has also seen the advantage of workplace wellness. By offering employees access to health counselors, the company has been able to increase productivity and decrease health insurance costs.

## Conclusion

The goals of the Healthy Arkansas initiative are clearly defined. I charged the Health Department last May with achieving the following objectives by January 2007:

- ◆ Increase from 64 percent to 85 percent the percentage of juveniles who are active at least three times a week for at least 20 minutes.
- ◆ Increase from 15 percent to 30 percent the percentage of adults who exercise at least three times a week for at least 30 minutes.
- ◆ Reduce the percentage of obese children from 11 percent to 5 percent.
- ◆ Reduce the percentage of obese adults from 23 percent to 15 percent.
- ◆ Reduce the percentage of adolescents who smoke from 36 percent to 16 percent.
- ◆ Reduce the percentage of adults who smoke from 24 percent to 12 percent.

As time passes and populations change, we must maintain the flexibility to change policy. We must work toward a cultural health revolution in which behaviors move from indifferent to engaged. Arkansas has taken the lead in the nation's battle to improve health by changing behavior. I hope you'll continue to work with me as we step up this fight for improved lifestyles and better health. In terms of our health and fiscal well-being, we simply can't afford not to work together.

